

CHAPTER 1130

ECONOMIC DEVELOPMENT PROGRAMS — HIGH QUALITY JOBS, WORKFORCE HOUSING TAX INCENTIVES, AND ENTERPRISE ZONES

H.F. 2448

AN ACT relating to the administration of programs by the economic development authority by modifying the high quality jobs program, creating a workforce housing tax incentives program and making penalties applicable, and repealing the enterprise zone program, and including effective date and retroactive and other applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I HIGH QUALITY JOBS PROGRAM

Section 1. Section 15.327, Code 2014, is amended by adding the following new subsections:

NEW SUBSECTION. 3A. “*Brownfield site*” means the same as defined in section 15.291.

NEW SUBSECTION. 12A. “*Grayfield site*” means the same as defined in section 15.291.

NEW SUBSECTION. 17A. “*Project*” means an activity or set of activities directly related to the start-up, location, modernization, or expansion of a business, and proposed in an application by a business, that will result in the accomplishment of the goals of the program.

Sec. 2. Section 15.327, subsection 18, Code 2014, is amended to read as follows:

18. “*Project completion assistance*” means financial assistance or technical assistance provided to an eligible business in order to facilitate the ~~start-up, location, or expansion of the business~~ completion of a project in this state and provided in an expedient manner to ensure the successful completion of the ~~start-up, location, or expansion~~ project.

Sec. 3. Section 15.329, subsection 1, paragraph a, Code 2014, is amended to read as follows:

a. If the qualifying investment is ten million dollars or more, the community has approved by ordinance or resolution the ~~start-up, location, or expansion of the business~~ project for the purpose of receiving the benefits of this part.

Sec. 4. Section 15.331A, subsection 1, Code 2014, is amended to read as follows:

1. The eligible business shall be entitled to a refund of the sales and use taxes paid under chapter 423 for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility that is part of a project of the eligible business. Taxes attributable to intangible property and furniture and furnishings shall not be refunded. However, an eligible business shall be entitled to a refund for taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center subject to section 15.331C.

Sec. 5. Section 15.332, subsection 1, Code 2014, is amended to read as follows:

1. The community may exempt from taxation all or a portion of the actual value added by improvements to real property directly related to new jobs created by the ~~location or expansion of an eligible business under the program~~ project and used in the operations of the eligible business. The exemption may be allowed for a period not to exceed twenty years beginning the year the improvements are first assessed for taxation.

Sec. 6. Section 15.333, subsection 1, Code 2014, is amended to read as follows:

1. An eligible business may claim a tax credit equal to a percentage of the new investment directly related to new jobs created or retained by the ~~location or expansion of an eligible business under the program~~ project. The tax credit shall be amortized equally over five calendar years. The tax credit shall be allowed against taxes imposed under chapter 422, division II, III, or V, and against the moneys and credits tax imposed in section 533.329. If

the business is a partnership, S corporation, limited liability company, cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, cooperative organized under chapter 501 and filing as a partnership for federal tax purposes, or estate or trust. The percentage shall be determined as provided in section 15.335A. Any tax credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs first.

Sec. 7. Section 15.333, subsection 2, unnumbered paragraph 1, Code 2014, is amended to read as follows:

For purposes of this subsection, "~~new investment directly related to new jobs created by the location or expansion of an eligible business under the program project~~" means the cost of machinery and equipment, as defined in section 427A.1, subsection 1, paragraphs "e" and "j", purchased for use in the operation of the eligible business, the purchase price of which has been depreciated in accordance with generally accepted accounting principles, the purchase price of real property and any buildings and structures located on the real property, and the cost of improvements made to real property which is used in the operation of the eligible business. "~~New investment directly related to new jobs created by the location or expansion of an eligible business under the program project~~" also means the annual base rent paid to a third-party developer by an eligible business for a period not to exceed ten years, provided the cumulative cost of the base rent payments for that period does not exceed the cost of the land and the third-party developer's costs to build or renovate the building for the eligible business. The eligible business shall enter into a lease agreement with the third-party developer for a minimum of five years. If, however, within five years of purchase, the eligible business sells, disposes of, razes, or otherwise renders unusable all or a part of the land, buildings, or other existing structures for which tax credit was claimed under this section, the tax liability of the eligible business for the year in which all or part of the property is sold, disposed of, razed, or otherwise rendered unusable shall be increased by one of the following amounts:

Sec. 8. Section 15.333A, subsection 1, Code 2014, is amended to read as follows:

1. An eligible business may claim an insurance premium tax credit equal to a percentage of the new investment directly related to new jobs created by the ~~location or expansion of an eligible business under the program project~~. The tax credit shall be amortized equally over a five-year period. The tax credit shall be allowed against taxes imposed in chapter 432. A tax credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs first. The percentage shall be determined as provided in section 15.335A.

Sec. 9. Section 15.333A, subsection 2, unnumbered paragraph 1, Code 2014, is amended to read as follows:

For purposes of this section, "~~new investment directly related to new jobs created by the location or expansion of an eligible business under the program project~~" means the cost of machinery and equipment, as defined in section 427A.1, subsection 1, paragraphs "e" and "j", purchased for use in the operation of the eligible business, the purchase price of which has been depreciated in accordance with generally accepted accounting principles, the purchase price of real property and any buildings and structures located on the real property, and the cost of improvements made to real property which is used in the operation of the eligible business. "~~New investment directly related to new jobs created by the location or expansion of an eligible business under the program project~~" also means the annual base rent paid to a third-party developer by an eligible business for a period not to exceed ten years, provided the cumulative cost of the base rent payments for that period does not exceed the cost of the land and the third-party developer's costs to build or renovate the building for the eligible business. The eligible business shall enter into a lease agreement with the third-party developer for a minimum of five years. If, however, within five years of purchase, the eligible business sells, disposes of, razes, or otherwise renders unusable all or a part of the land, buildings, or other

existing structures for which tax credit was claimed under this section, the tax liability of the eligible business for the year in which all or part of the property is sold, disposed of, razed, or otherwise rendered unusable shall be increased by one of the following amounts:

Sec. 10. Section 15.335C, Code 2014, is amended to read as follows:

15.335C Economically Wage thresholds for brownfield and grayfield projects and economically distressed areas.

1. *a.* Notwithstanding section 15.329, subsection 1, paragraph “c”, the authority may provide tax incentives or project completion assistance under this part to ~~an eligible~~ a business ~~paying for a project that will create or retain jobs that will pay less than one hundred twenty percent of the qualifying wage threshold if that business project is located at a brownfield site, a grayfield site, or in an economically distressed area.~~

b. (1) A business with a project located in an economically distressed area or at a grayfield site and receiving incentives or assistance pursuant to this section shall be required to pay at least one hundred percent of the qualifying wage threshold for jobs created or retained by the project.

(2) A business with a project located at a brownfield site and receiving incentives or assistance pursuant to this section shall be required to pay at least ninety percent of the qualifying wage threshold for jobs created or retained by the project.

2. For purposes of this section, “*economically distressed area*” means a county that ranks among the bottom ~~twenty-five~~ thirty-three of all Iowa counties, as measured by one of the following:

- a.* Average monthly unemployment level for the most recent twelve-month period.
- b.* Average annualized unemployment level for the most recent five-year period.

Sec. 11. APPLICABILITY. This division of this Act applies to high quality jobs program agreements entered into by an eligible business and the economic development authority on or after the effective date of this division of this Act, and high quality jobs program agreements entered into by an eligible business and the economic development authority prior to the effective date of this division of this Act shall be governed by sections 15.327, 15.329, 15.333, 15.333A, and 15.335C, Code 2014.

DIVISION II WORKFORCE HOUSING TAX INCENTIVES PROGRAM

Sec. 12. Section 15.119, subsection 2, Code 2014, is amended by adding the following new paragraph:

NEW PARAGRAPH. *g.* The workforce housing tax incentives program administered pursuant to sections 15.351 through 15.356. In allocating tax credits pursuant to this subsection, the authority shall not allocate more than twenty million dollars for purposes of this paragraph.

Sec. 13. NEW SECTION. **15.351 Short title.**

This part shall be known and may be cited as the “*Workforce Housing Tax Incentives Program*”.

Sec. 14. NEW SECTION. **15.352 Definitions.**

As used in this part, unless the context otherwise requires:

1. “*Brownfield site*” means an abandoned, idled, or underutilized property where expansion or redevelopment is complicated by real or perceived environmental contamination. A brownfield site includes property contiguous with the site on which the property is located. A brownfield site does not include property which has been placed, or is proposed for placement, on the national priorities list established pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq.

2. “*Community*” means a city or county.

3. “*Grayfield site*” means a property meeting all of the following requirements:

a. The property has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property.

b. The property's improvements and infrastructure are at least twenty-five years old and one or more of the following conditions exists:

(1) Thirty percent or more of a building located on the property that is available for occupancy has been vacant or unoccupied for a period of twelve months or more.

(2) The assessed value of the improvements on the property has decreased by twenty-five percent or more.

(3) The property is currently being used as a parking lot.

(4) The improvements on the property no longer exist.

4. "Housing business" means a business that is a housing developer, housing contractor, or nonprofit organization that completes a housing project in the state.

5. "Housing project" means a project located in this state meeting the requirements of section 15.353.

6. "Multi-use building" means a building whose street-level ground story is used for a purpose that is other than residential, and whose upper story or stories are currently used primarily for a residential purpose, or will be used primarily for a residential purpose after completion of the housing project associated with the building.

7. "Program" means the workforce housing tax incentives program administered under this part.

8. a. "Qualifying new investment" means costs that are directly related to the acquisition, repair, rehabilitation, or redevelopment of a housing project in this state.

b. "Qualifying new investment" includes costs that are directly related to new construction of dwelling units if the new construction occurs in a distressed workforce housing community.

c. The amount of costs that may be used to compute "qualifying new investment" shall not exceed the costs used for the first one hundred fifty thousand dollars of value for each dwelling unit that is part of a housing project.

d. "Qualifying new investment" does not include the following:

(1) The portion of the total cost of a housing project that is financed by federal, state, or local government tax credits, grants, forgivable loans, or other forms of financial assistance that do not require repayment, excluding the tax incentives provided under this part.

(2) If a housing project includes the rehabilitation, repair, or redevelopment of an existing multi-use building, the portion of the total acquisition costs of the multi-use building, including a proportionate share of the total acquisition costs of the land upon which the multi-use building is situated, that are attributable to the street-level ground story that is used for a purpose that is other than residential.

Sec. 15. NEW SECTION. 15.353 **Housing project requirements.**

1. To receive workforce housing tax incentives pursuant to the program, a proposed housing project shall meet all of the following requirements:

a. The project includes at least one of the following:

(1) Four or more single-family dwelling units.

(2) One or more multiple dwelling unit buildings each containing three or more individual dwelling units.

(3) Two or more dwelling units located in the upper story of an existing multi-use building.

b. The project consists of any of the following:

(1) Rehabilitation, repair, or redevelopment at a brownfield or grayfield site that results in new dwelling units.

(2) The rehabilitation, repair, or redevelopment of dilapidated dwelling units.

(3) The rehabilitation, repair, or redevelopment of dwelling units located in the upper story of an existing multi-use building.

(4) (a) The new construction, rehabilitation, repair, or redevelopment of dwelling units in a distressed workforce housing community.

(b) The determination as to whether a community is considered a distressed workforce housing community shall be within the discretion of the authority after considering all of the following:

(i) Whether or not the community has a severe housing shortage relative to demand, low vacancy rates, or rising housing costs combined with low unemployment.

(ii) The relative merits of all applications for designation as a distressed workforce housing community.

(iii) The demand for projects applying under this subparagraph compared to the demand for projects applying under subparagraphs (1) through (3).

c. (1) Except as provided in subparagraph (2), the average dwelling unit cost does not exceed two hundred thousand dollars per dwelling unit.

(2) The average dwelling unit cost does not exceed two hundred fifty thousand dollars per dwelling unit if the project involves the rehabilitation, repair, redevelopment, or preservation of eligible property, as that term is defined in section 404A.1, subsection 2.¹

d. The dwelling units, when completed and made available for occupancy, meet the United States department of housing and urban development's housing quality standards and all applicable local safety standards.

Sec. 16. NEW SECTION. 15.354 **Housing project application and agreement.**

1. *Application.*

a. A housing business seeking workforce housing tax incentives provided in section 15.355 shall make application to the authority in the manner prescribed by the authority. The authority may accept applications on a continuous basis.

b. The application shall include all of the following:

(1) The following information establishing local participation for the housing project:

(a) A resolution in support of the housing project by the community where the housing project will be located.

(b) Documentation of local matching funds pledged for the housing project in an amount equal to at least one thousand dollars per dwelling unit, including but not limited to a funding agreement between the housing business and the community where the housing project will be located. For purposes of this paragraph, local matching funds shall be in the form of cash or cash equivalents, or in the form of a local property tax exemption, rebate, refund, or reimbursement.

(2) A report that meets the requirements and conditions of section 15.330, subsection 9.

(3) Information showing the total costs and funding sources of the housing project sufficient to allow the authority to adequately determine the financing that will be utilized for the housing project, the actual cost of the dwelling units, and the amount of qualifying new investment.

(4) Any other information deemed necessary by the authority to evaluate the eligibility and financial need of the housing project under the program.

2. *Registration.*

a. Upon review of the application, the authority may register the housing project under the program. If the authority registers the housing project, the authority shall make a preliminary determination as to the amount of tax incentives for which the housing project qualifies.

b. After registering the housing project, the authority shall notify the housing business of successful registration under the program. The notification shall include the amount of tax incentives under section 15.355 for which the housing business has received preliminary approval and a statement that the amount is a preliminary determination only. The amount of tax credits included on a tax credit certificate issued pursuant to this section, or a claim for refund of sales and use taxes, shall be contingent upon completion of the requirements in subsection 3.

3. *Agreement and fees.*

a. Upon successful registration of the housing project, the housing business shall enter into an agreement with the authority for the successful completion of all requirements of the program.

b. The compliance cost fees imposed in section 15.330, subsection 12, shall apply to all agreements entered into under this program and shall be collected by the authority in the same manner and to the same extent as described in that subsection.

¹ See chapter 1141, §17, 29 herein

c. A housing business shall complete its housing project within three years from the date the housing project is registered by the authority.

d. Upon completion of a housing project, an examination of the project in accordance with the American institute of certified public accountants' statements on standards for attestation engagements, completed by a certified public accountant authorized to practice in this state, shall be submitted to the authority.

e. Upon review of the examination and verification of the amount of the qualifying new investment, the authority may issue a tax credit certificate to the housing business stating the amount of workforce housing investment tax credits under section 15.355 the eligible housing business may claim.

4. *Maximum tax incentives amount.*

a. The maximum aggregate amount of tax incentives that may be awarded under section 15.355 to a housing business for a housing project shall not exceed one million dollars.

b. If a housing business qualifies for a higher amount of tax incentives under section 15.355 than is allowed by the limitation imposed in paragraph "a", the authority and the housing business may negotiate an apportionment of the reduction in tax incentives between the sales tax refund provided in section 15.355, subsection 2, and the workforce housing investment tax credits provided in section 15.355, subsection 3, provided the total aggregate amount of tax incentives after the apportioned reduction does not exceed the amount in paragraph "a".

c. The authority shall issue tax incentives under the program on a first-come, first-served basis until the maximum amount of tax incentives allocated pursuant to section 15.119, subsection 2, is reached. The authority shall maintain a list of registered housing projects under the program so that if the maximum aggregate amount of tax incentives is reached in a given fiscal year, registered housing projects that were completed but for which tax incentives were not issued shall be placed on a wait list in the order the registered housing projects were registered and shall be given priority for receiving tax incentives in succeeding fiscal years.

5. *Termination and repayment.* The failure by a housing business in completing a housing project to comply with any requirement of this program or any of the terms and obligations of an agreement entered into pursuant to this section may result in the reduction, termination, or rescission of the approved tax incentives and may subject the housing business to the repayment or recapture of tax incentives claimed under section 15.355. The repayment or recapture of tax incentives pursuant to this section shall be accomplished in the same manner as provided in section 15.330, subsection 2.

Sec. 17. NEW SECTION. 15.355 Workforce housing tax incentives.

1. A housing business that has entered into an agreement pursuant to section 15.354 is eligible to receive the tax incentives described in subsections 2 and 3.

2. A housing business may claim a refund of the sales and use taxes paid under chapter 423 that are directly related to a housing project. The refund available pursuant to this subsection shall be as provided in section 15.331A to the extent applicable for purposes of this program.

3. a. A housing business may claim a tax credit in an amount not to exceed ten percent of the qualifying new investment of a housing project.

b. The tax credit shall be allowed against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.329.

c. An individual may claim a tax credit under this subsection of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

d. Any tax credit in excess of the taxpayer's liability for the tax year is not refundable but may be credited to the tax liability for the following five years or until depleted, whichever is earlier.

e. (1) To claim a tax credit under this subsection, a taxpayer shall include one or more tax credit certificates with the taxpayer's tax return.

(2) The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the amount of the credit, the name of the eligible housing business, any other

information required by the department of revenue, and a place for the name and tax identification number of a transferee and the amount of the tax credit being transferred.

(3) The tax credit certificate, unless rescinded by the authority, shall be accepted by the department of revenue as payment for taxes imposed pursuant to chapter 422, divisions II, III, and V, and in chapter 432, and for the moneys and credits tax imposed in section 533.329, subject to any conditions or restrictions placed by the authority upon the face of the tax credit certificate and subject to the limitations of this program.

(4) Tax credit certificates issued under section 15.354, subsection 3, paragraph “e”, may be transferred to any person. Within ninety days of transfer, the transferee shall submit the transferred tax credit certificate to the department of revenue along with a statement containing the transferee’s name, tax identification number, and address, the denomination that each replacement tax credit certificate is to carry, and any other information required by the department of revenue. However, tax credit certificate amounts of less than the minimum amount established by rule of the authority shall not be transferable.

(5) Within thirty days of receiving the transferred tax credit certificate and the transferee’s statement, the department of revenue shall issue one or more replacement tax credit certificates to the transferee. Each replacement tax credit certificate must contain the information required for the original tax credit certificate and must have the same expiration date that appeared on the transferred tax credit certificate.

(6) A tax credit shall not be claimed by a transferee under this section until a replacement tax credit certificate identifying the transferee as the proper holder has been issued. The transferee may use the amount of the tax credit transferred against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.329, for any tax year the original transferor could have claimed the tax credit. Any consideration received for the transfer of the tax credit shall not be included as income under chapter 422, divisions II, III, and V. Any consideration paid for the transfer of the tax credit shall not be deducted from income under chapter 422, divisions II, III, and V.

f. For purposes of the individual and corporate income taxes and the franchise tax, the increase in the basis of the property that would otherwise result from the qualifying new investment shall be reduced by the amount of the tax credit computed under this subsection.

Sec. 18. NEW SECTION. 15.356 Rules.

The authority and the department of revenue shall adopt rules as necessary for the implementation and administration of this part.

Sec. 19. NEW SECTION. 422.11C Workforce housing investment tax credit.

The taxes imposed under this division, less the credits allowed under section 422.12, shall be reduced by a workforce housing investment tax credit allowed under section 15.355, subsection 3.

Sec. 20. Section 422.33, Code 2014, is amended by adding the following new subsection: NEW SUBSECTION. 15. The taxes imposed under this division shall be reduced by a workforce housing investment tax credit allowed under section 15.355, subsection 3.

Sec. 21. Section 422.60, Code 2014, is amended by adding the following new subsection: NEW SUBSECTION. 12. The taxes imposed under this division shall be reduced by a workforce housing investment tax credit allowed under section 15.355, subsection 3.

Sec. 22. NEW SECTION. 432.12G Workforce housing investment tax credit.

The taxes imposed under this chapter shall be reduced by a workforce housing investment tax credit allowed under section 15.355, subsection 3.

Sec. 23. Section 533.329, subsection 2, Code 2014, is amended by adding the following new paragraph:

NEW PARAGRAPH. k. The moneys and credits tax imposed under this section shall be reduced by a workforce housing investment tax credit allowed under section 15.355, subsection 3.

Sec. 24. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 25. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2014, for tax years beginning on or after that date.

Sec. 26. APPLICABILITY. This division of this Act applies to qualifying new investment costs incurred on or after the effective date of this division of this Act.

DIVISION III TERMINATION AND TRANSITION OF ENTERPRISE ZONE PROGRAM

Sec. 27. INVESTMENT TAX CREDITS ISSUED TO ELIGIBLE HOUSING BUSINESSES UNDER THE ENTERPRISE ZONE PROGRAM — TRANSFERABILITY. Notwithstanding the requirement in section 15E.193B, subsection 8, Code 2014, that not more than three million dollars worth of tax credits for housing developments located in a brownfield site or a blighted area shall be eligible for transfer in a calendar year unless the eligible housing business is also eligible for low-income housing tax credits authorized under section 42 of the Internal Revenue Code, and notwithstanding the requirement in section 15E.193B, subsection 8, Code 2014, that the economic development authority shall not approve more than one million five hundred thousand dollars in tax credit certificates for transfer to any one eligible housing business located on a brownfield site or in a blighted area in a calendar year, all investment tax credits determined under section 15E.193B, subsection 6, paragraph “a”, Code 2014, for housing developments located on a brownfield site or in a blighted area may be approved by the economic development authority for transfer in calendar year 2014, or any subsequent calendar year, provided the eligible housing business was awarded the investment tax credit before the effective date of this section of this division of this Act and notifies the economic development authority, in writing, before July 1, 2014, of its intent to transfer such tax credits, and provided the eligible housing business and the related housing development meet all other applicable requirements under section 15E.193B, Code 2014. Notwithstanding any other provision of law to the contrary, a tax credit transferred pursuant to this section shall not be claimed by a transferee prior to January 1, 2016.

Sec. 28. Section 2.48, subsection 3, paragraph e, subparagraph (9), Code 2014, is amended by striking the subparagraph.

Sec. 29. Section 15.106B, subsection 5, paragraph c, Code 2014, is amended to read as follows:

c. Fees collected by the authority pursuant to this subsection shall be deposited in a fund within the state treasury created pursuant to section 15.106A, subsection 1, paragraph “o”, and are appropriated to the authority for the purposes set out in section 15.106A, subsection 1, paragraph “o”. However, fees collected by the authority pursuant to section 15.330, subsection 12, and section 15E.198, Code 2014, and section 15.354, subsection 3, paragraph “b”, shall be used exclusively for costs associated with the administration of due diligence and compliance.

Sec. 30. Section 15.119, subsection 2, paragraph b, Code 2014, is amended to read as follows:

b. The enterprise zones program administered pursuant to sections 15E.191 through 15E.197, Code 2014.

Sec. 31. Section 15A.1, subsection 5, paragraph c, Code 2014, is amended by striking the paragraph.

Sec. 32. Section 15H.5, subsection 2, Code 2014, is amended to read as follows:

2. The Iowa summer youth corps program is established to provide meaningful summer enrichment programming to Iowa youth. The program shall be administered by the Iowa commission on volunteer service using a competitive grant process to implement projects in

accordance with program requirements. The commission shall adopt administrative rules for the program, including but not limited to incentives, grant criteria, and grantee selection processes. A percentage of the grants shall be designated by the commission to address the needs of ~~city enterprise zones that meet the distress criteria outlined in section 15E.194~~ economically distressed areas as defined in section 15.335C.

Sec. 33. Section 15H.5, subsection 5, paragraph c, Code 2014, is amended to read as follows:

c. The commission shall give priority consideration to approving those projects that target communities that have disproportionately high rates of juvenile crime or low rates of high school graduation or that have been designated as ~~city enterprise zones that meet the distress criteria outlined in section 15E.194~~ economically distressed areas as defined in section 15.335C.

Sec. 34. Section 15J.4, subsection 1, paragraph b, Code 2014, is amended to read as follows:

b. The area is was in whole or in part ~~either an a designated~~ economic development enterprise zone ~~designated~~ under chapter 15E, division XVIII, Code 2014, immediately prior to the effective date of this² Act, or the area is in whole or in part an urban renewal area established pursuant to chapter 403.

Sec. 35. Section 403.19A, subsection 3, paragraph j, Code 2014, is amended to read as follows:

j. An employer may participate in a new jobs credit from withholding under section 260E.5, or a supplemental new jobs credit from withholding under section 15E.197, Code 2014, or under section 15.331, Code 2005, at the same time as the employer is participating in the withholding credit under this section. Notwithstanding any other provision in this section, the new jobs credit from withholding under section 260E.5, and the supplemental new jobs credit from withholding under section 15E.197, Code 2014, or under section 15.331, Code 2005, shall be collected and disbursed prior to the withholding credit under this section.

Sec. 36. Section 422.11F, subsection 2, Code 2014, is amended to read as follows:

2. The taxes imposed under this division, less the credits allowed under section 422.12, shall be reduced by investment tax credits authorized pursuant to ~~sections~~ section 15.333 and section 15E.193B, subsection 6, Code 2014.

Sec. 37. Section 422.16A, Code 2014, is amended to read as follows:

422.16A Job training withholding — certification and transfer.

Upon the completion by a business of its repayment obligation for a training project funded under chapter 260E, including a job training project funded under section 15A.8 or repaid in whole or in part by the supplemental new jobs credit from withholding under section 15A.7 or section 15E.197, Code 2014, the sponsoring community college shall report to the economic development authority the amount of withholding paid by the business to the community college during the final twelve months of withholding payments. The economic development authority shall notify the department of revenue of that amount. The department shall credit to the workforce development fund account established in section 15.342A twenty-five percent of that amount each quarter for a period of ten years. If the amount of withholding from the business or employer is insufficient, the department shall prorate the quarterly amount credited to the workforce development fund account. The maximum amount from all employers which shall be transferred to the workforce development fund account in any year is four million dollars.

Sec. 38. Section 422.33, subsection 12, paragraph b, Code 2014, is amended to read as follows:

b. The taxes imposed under this division shall be reduced by investment tax credits authorized pursuant to section 15.333 and section 15E.193B, subsection 6, Code 2014.

² See chapter 1141, §18 herein

Sec. 39. Section 422.60, subsection 5, paragraph b, Code 2014, is amended to read as follows:

b. The taxes imposed under this division shall be reduced by investment tax credits authorized pursuant to sections 15.333 and 15E.193B, subsection 6, Code 2014.

Sec. 40. Section 432.12C, subsection 2, Code 2014, is amended to read as follows:

2. The taxes imposed under this chapter shall be reduced by investment tax credits authorized pursuant to section 15.333A and section 15E.193B, subsection 6, Code 2014.

Sec. 41. REPEAL. Sections 15E.191, 15E.192, 15E.193, 15E.193B, 15E.194, 15E.195, 15E.196, 15E.197, and 15E.198, Code 2014, are repealed.

Sec. 42. EFFECTIVE UPON ENACTMENT. The following provision or provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

1. The section of this division of this Act allowing the transfer of certain investment tax credits issued to eligible housing businesses under the enterprise zone program, notwithstanding the requirements limiting transfer of such credits under section 15E.193B, subsection 8.

Sec. 43. APPLICABILITY.

1. On or after the effective date of this division of this Act, a city or county shall not create an enterprise zone under chapter 15E, division XVIII, or enter into a new agreement or amend an existing agreement under chapter 15E, division XVIII.

2. a. Agreements entered into under chapter 15E, division XVIII before the effective date of this division of this Act between an eligible business and a city, county, or the economic development authority or between an eligible business and the department of revenue and a community college or between an eligible housing business and the economic development authority shall remain in effect until they expire under their own terms and except as otherwise provided in this division of this Act, such agreements shall be governed by chapter 15E, division XVIII, Code 2014.

b. The elimination of the enterprise zone program under this Act shall not constitute grounds for rescission or modification of agreements entered into under the program, except as otherwise provided in this division of this Act.

3. Except as otherwise provided in this division of this Act, this division of this Act is not intended to and shall not limit, modify, or otherwise adversely affect any tax credit certificate or related tax credit issued before the effective date of this Act or limit, modify, or otherwise adversely affect the redemption or transfer of any tax credit or tax credit certificate issued before the effective date of this division of this Act.

Approved May 30, 2014